

# HARGROVE, SMELLEY, STRICKLAND & LANGLEY

JOSEPH L. HARGROVE, JR.  
DAVID L. SMELLEY  
PAUL A. STRICKLAND  
GLENN L. LANGLEY  
LOUISE F. PEARCE  
T. ISSAC HOWELL

OF COUNSEL  
WILLIAM G. CONLY

(A PROFESSIONAL LAW CORPORATION)  
AMERICAN TOWER, SUITE 600  
401 MARKET STREET  
SHREVEPORT, LOUISIANA 71101-3239

THOMAS J. WYATT (1942-1996)

MAILING ADDRESS  
POST OFFICE BOX 59  
SHREVEPORT, LOUISIANA 71161-0059  
TELEPHONE (318) 429-7200  
TELECOPIER (318) 429-7201

October 20, 2006

Honorable James H. Welsh  
Commissioner of Conservation  
State of Louisiana  
Post Office Box 44275  
Baton Rouge, Louisiana 70804-4275

Re: APPLICATION FOR PUBLIC HEARING.

Cotton Valley Formation, Reservoir A, and Hosston  
Formation, Reservoir A, GRAND CANE FIELD,  
DeSoto Parish, Louisiana.

Dear Sir:

BEUSA ENERGY, INC. ("Applicant"), hereby respectfully applies for a public hearing to consider evidence relative to the issuance of Orders pertaining to the following matters relating to the Cotton Valley Formation, Reservoir A, and to the Hosston Formation, Reservoir A, in the Grand Cane Field, DeSoto Parish, Louisiana:

1. To create one (1) additional drilling and production unit for the exploration for and production of gas and condensate from the Cotton Valley Formation, Reservoir A, such unit being shown on the attached plat and being designated CV RA SUD.
2. To force pool and integrate all separately owned tracts, mineral leases and other property interests within the proposed additional unit in accordance with Section 10, Title 30, of the Louisiana Revised Statutes of 1950, with each tract sharing in unit production on a surface acreage basis of participation.
3. To designate an Operator of, and unit well for, the proposed additional unit as may be appropriate.
4. To permit Applicant to combine downhole production from the Cotton Valley Formation, Reservoir A, with production from the Hosston Formation, Reservoir A, in any well drilled on CV RA SUD and HOSS RA SUB in which the interests in these units are identical.
5. To extend, except as in conflict herewith, the provisions of Office of Conservation Order No. 342-H, effective June 22, 2004, to the proposed additional unit.
6. To discuss such other matters as may be pertinent to these proposals.

The Hosston Formation, Reservoir A, in the Grand Cane Field, DeSoto Parish, Louisiana, was defined in Office of Conservation Order No. 342-B, effective May 24, 1978.

The Cotton Valley Formation, Reservoir A, in the Grand Cane Field, DeSoto Parish, Louisiana, was defined in Office of Conservation Order No. 342-H, effective June 22, 2004.

dls/app/grandcane4.application.wpd

Honorable James H. Welsh  
October 20, 2006  
Page 2

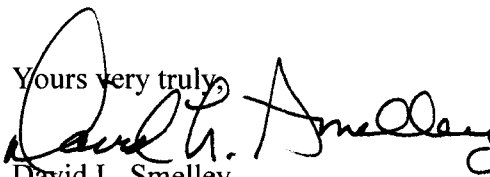
Any pertinent data concerning this application will be available for inspection at the offices of Louis Gilbert & Associates, Inc., 3636 N. Causeway Boulevard, Suite 204, Metairie, Louisiana 70002-7216. Any person wishing to inspect any such data should call Mr. Louis Gilbert at (504) 834-8112 during normal business hours in order to arrange a date and time for such inspection. A copy of any such pertinent data which is not otherwise available from the records of the Louisiana Office of Conservation can be obtained from Applicant at the expense of the requesting party.

By letter dated October 6, 2006, Applicant gave notice, in accordance with the Revised Rules of Procedure, of its intention to apply for a public hearing concerning these proposals and set November 10, 2006, as the tentative date for the pre-application conference. No conference request was received; accordingly, no pre-application conference will be held.

Pursuant to the Revised Rules of Procedure, Applicant has made a reasonable effort to obtain the names and addresses of all Interested Owners, Represented Parties and Interested Parties to whom notice of this application is being sent and has attached hereto a list of the names and addresses of such parties. A copy of the unit plat (which is identical to the unit plat attached to the pre-application notice) is enclosed herewith, and a copy of this letter and of the attached plat is being sent to the District Manager of the Shreveport District of the Office of Conservation and to each of the Interested Owners, Represented Parties and Interested Parties as shown on the attached list.

Applicant will provide for posting of a copy of the Legal Notice of this hearing, and of the enclosed plat, at a prominent place in the area affected and will cause publication of the Legal Notice in a newspaper published in the general area of Grand Cane Field, all in accordance with the Revised Rules of Procedure. Furthermore, Applicant will mail a copy of the Legal Notice to all Interested Owners, Represented Parties and Interested Parties promptly upon receipt of the Legal Notice from the Commissioner.

Finally, enclosed herewith is our check payable to the Office of Conservation covering the application fee.

Yours very truly,  
  
David L. Smelley  
-- Attorney for BEUSA Energy, Inc.

DLS:dp

Enclosures

cc: Mr. Jim Broussard (w/encls.)  
Ms. Linda McGowen (w/encls.)  
Mr. Jerry Loyd (w/encls.)  
Mr. Louis Gilbert (w/encls.)  
Interested Owners, Represented Parties  
and Interested Parties (w/plat only)

